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TAGS: KCOR PGOV PREL KMCA ZA
SUBJECT: GRZ (STILL) DELIBERATING ON CRITICAL
ANTI-CORRUPTION MEASURES

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Classified By: Ambassador Carmen Martinez for Reasons 1.4(b) and (d)

11. (C) Summary. In a wide-ranging conversation with DCM and Poloff on anti-corruption topics, Cabinet Secretary Kanganja noted little progress on anti-money laundering, but said that Cabinet is currently considering a National Anti-Corruption Policy, as well as guidelines governing the use of seized assets. Although Kanganja is seemingly conversant with, and committed to, fighting corruption, his anti-corruption status reports are mere reiterations of what he and other GRZ officials have communicated for the past years and lend truth to rumors that senior members of Mwanawasa's government do not share his interest in fighting corruption. End Summary.

12. (U) On April 10, DCM and Poloff met with Secretary to the Cabinet Joshua Kanganja to discuss Zambia's anti-corruption strategy, areas of U.S. cooperation, and the status of key legislation. The DCM shared Mission views on what an effective anti-corruption strategy should include, such as a capacity to combat financial crime, public sector financial management accountability, and judicial reform. He also pointed to the need for new legislation, including asset disclosure, freedom of information, asset forfeiture, plea bargaining, whistleblower protection, anti-money laundering (AML), and procurement laws. The DCM emphasized that Zambia's access to the Millennium Challenge Account and its success in attracting foreign investment are directly linked to its performance on anti-corruption.

13. (SBU) Kanganja acknowledged USG assistance in drafting anti-corruption legislation, but admitted that he had not yet seen the bills. Regarding AML, Kanganja said "we are already working on it" and pointed to the re-activation of an inter-agency working group. Kanganja said that the Ministers of Finance, Home Affairs, and Justice were reviewing the adequacy of Zambia's existing AML law and whether the Financial Investigations Unit, located at the Drug Enforcement Commission (DEC), rules out the need for a Financial Intelligence Unit (FIU). The DCM underscored the need for an internationally compliant AML regime and pointed out that, due to lack of GRZ progress, the USG had not renewed the contract of a USG resident advisor offering AML technical assistance. (Note: The DEC's Financial Investigations Unit is an enforcement unit that does not perform the full functions of an FIU. It has little access to banking information, and lacks officers capable of analyzing financial data. End Note.)

14. (SBU) Kanganja said that the National Anti-Corruption Policy had been presented to Cabinet for approval, but had

been withdrawn in order for the Minister of Justice to make revisions. (Note: The Policy was submitted to Cabinet in January 2007, according to UK diplomats. End Note.) Kanganja projected that it would be resubmitted presently. The DCM said that he hoped the document would include provisions for enacting new laws and for implementing the United Nations Convention Against Corruption. Kanganja affirmed that it would. He also remarked that the Cabinet would shortly approve a policy governing the use of seized assets. He said that the Task Force on Corruption had seized assets in Zambia valued at approximately USD 3.5 million and that the funds would be applied to projects of public benefit. (Note: Per ref B, Kanganja made similar promises to Ambassador in a meeting on asset disposal almost two years ago, in which he said the GRZ was doing "all it could" to dispose of the assets quickly. End Note.)

15. (C) Comment: Although Kanganja appears to be conversant with, and committed to, fighting corruption, his status reports--that the GRZ is still deliberating--are mere reiterations of what GRZ officials have communicated over the past years (see reftels). Until these key anti-corruption measures are implemented, it will continue to appear that the GRZ is better at telling donors what they want to hear, than making needed progress. These delays also lend credence to rumors that senior members of Mwanawasa's government do not share his commitment to fighting corruption and are, for example, profiting from the rental incomes of seized properties in affluent Lusaka neighborhoods. It is disappointing--and perhaps telling--that these measures, which require little more than political will to be implemented, are languishing.

MARTINEZ